इसमें शामिल है। मैं यह जानना चाहती हूं कि क्या आप रिजर्व बैंक के अधिकारी के खिलाफ या रजिस्ट्रार के खिलाफ भी कोई ऐक्शन लेना चाहते हैं या नहीं? आपने इसके लिए बारे में कुछ सोचा है या नहीं?

श्री जसवंत सिंह : सभापति महोदय, माननीय सदस्य ने जानकारी अधिक दी है, प्रश्न कम पूछा है। स्वाभाविक था कि हम छलांग लगाकर महाराष्ट्र से गुजरात पहुंच गए। मैं आश्वासन देना चाहता हूं कि जो भी जानकारी हमें मिलती है, वित्त मंत्रालय और रिजर्व बैंक उस पर समुचित कार्यवाही करते हैं।

प्रो. अलका क्षत्रिय : दोषी अधिकारियों के खिलाफ कोई ऐक्शन लिया गया है? ...(**व्यवधान**)....

Multiple Tax System

*†386. SHRI C. RAMACHANDRAIAH:

SHRI BHAGATRAM MANHAR:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether government are aware that multiple tax system and several other levies are cramping the growth of industrial sector in the country;

(b) if so, whether Government are contemplating to enact a law on ending multiple taxes, regulation ad standards; and

(c) if so, what are the details in this regard?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) to (c) A statement is placed on the Table of the House.

Statement

No, Sir. the government is, however, committed to simplification and modernisation of the tax system.

In order to promote the growth of industries and improve their global competitiveness, the Government has, over the years, introduced wide-ranging tax reforms. These include progressive lowering of the rates of corporate tax, widening the coverage of the CENVAT system in respect of central excise duties, lowering of customs duty tariffs and reduction in

†The Question was actually asked on the floor of the House by Shri C. Ramachandraiah.

the number of slabs, specific exemptions to small scale industries, tax-based incentives to export-oriented industries and special economic zones, etc. The States have also decided to introduce a value added tax system *in lieu* of the existing sales tax system, with a view to avoiding the cascading effect of sales tax on industries. Gradual lowering of the central sales tax rate has also been recommended.

SHRI C. RAMACHANDRAIAH: Sir, one of the major reasons for the inability to achieve the growth rate in industry is multiple tax system. We have been proclaiming that we are going to achieve eight per cent growth rate. I am trying to get information from the hon. Minister. The information, which has been furnished in this answer, is not sufficient. These measures will not be sufficient to avoid the harassment to which the industries are subjected to by officers belonging to the various Departments. Recently, the hon. Prime Minister has gone on record, saying that Inspector Raj is still prevailing in the country. So, I would like to know from the hon. Minister what effective steps the Government is proposing to avoid this multi-tax system so that the industries will have a hassle-free atmosphere....

MR. CHAIRMAN: That is all. You have put your question. Let him reply.

SHRI C. RAMACHANDRAIAH: Sir, this is the question... *(Interruptions)...* This is not the full question.

MR. CHAIRMAN: It is not allowed.

SHRI C. RAMACHANDRAIAH: Sir, Ihave not yet completed my question. If the hon. Minister wants to reply to half question, I am prepared for that.

MR. CHAIRMAN: That is not a half question.

SHRI JASWANT SINGH: It is not the multiple tax system, but miritiplicity of tax rates, to which the hon. Member has referred. It is my view. And, I think, this is the view that has been there since 90s. It is not on account of any absence of tax policy as such. The three great weaknesses or the significant weaknesses in this are these. The first one is not the tax policy, but the tax administration. Secondly, the factor of discretionary authority with the taxation officer, which results in the inter-phase between the citizen or the taxpayer and the officer being

unhealthy. And, thirdly, absence of computerisation. The policy is there. What we have to address to ourselves is to improve the tax administration, simplification and speed up of computerisation. Then, I think, a great deal of these problems would be solved.

SHRI C. RAMACHADRAIAH: Sir, I don't have any second supplementary.

SHRI PREM CHAND GUPTA: Sir, first of all, I would like to congratulate the hon. Finance Minister that he has understood the difference that it is not the tax system that is complex, but it is the administration of the tax system that is creating the most complex situation. This morning, I read in the newspapers that some officials went to Dadri in Uttar Pradesh on a search but were beaten up by the local traders. These kinds of incidents have taken place in the past also. Such incidents have taken place in Haryana, Jammu and Kashmir, Rajasthan and now in Uttar Pradesh.

As a result, as against Rs. 27,000 crores of tax demand raised by the Income Tax Department, the actual recovery is only a few hundred crores of rupees!

MR. CHAIRMAN: Put your supplementary.

SHRI PREM CHAND GUPTA: Similar is the case with excise. The result is, the industry is being put to harassment by some vested interests. Sir, I would like to put a very simple and straight question to the hon. Minister. I would like to know, how he is going to resolve these issues, because the officials sitting there do not have any liability. The issue demands, which are baseless. And, once a demand is raised, the assesse is in a fix and the officer is free. There is no accountability. Therefore, would the hon. Minister think of imposing some sort of restriction on these people who raise these false and baseless demands?

SHRI JASWANT SINGH: Sir, there are two aspects, so far as any misbehaviour by any official against any citizen-the hon. Member spoke of physical assault-is concerned...

SHRI PREM CHAND GUPTA: Sir, this happened only yesterday.

SHRI JASWANT SINGH: We don't expect this kind of a conduct. And, if the hon. Member could send me the details, we will, certainly, take action.

SHRI PREM CHAND GUPTA: Sir, it has appreared in today's newspaper. Anyway, I wil send to the hon. Minister a copy of the relevant newspaper clipping.

SHRI JASWANT SINGH: Anyway I will, certanly, examine it. And, so far as simplification is concerned so that harassment is not caused, I submit that we are already addressing this issue.

SHRI ASHWANI KUMAR: Sir, the hon. Minister in response to the substantive question has categorically replied, "No". The Minister has stated that he does not believe that a multiple tax system cramps the growth of the industrial sector. Yet, in the second part of the reply, the hon. Minister has stated that they are going to go ahead with the simplification of laws. There is an inherent disconnect in the two replies. It is now well-recognised and established everywhere in the world that the multiple-tax regime, which leads to multiplication of the enforcement agencies, causes undue harassment to the citizens, and does not give the ease of functioning to the entrepreneurs, thereby leading to cramping of industrial growth. May I ask the hon. Minister why is it not possible for us to have one or two sets of taxes; and, maybe, one set of enforcement agencies so that the oppressive nature of the implementation is reduced?

SHRI JASWANT SINGH: Sir, there is no disconnect between the two replies. The original question was Do you have a multiple tax system that stands in the way of industrialisation or industrial growth? It is not a multiple tax system, but there are multiple tax rates. Therefore the reply had necessarily to be started with 'No' to a multiple-tax system. But I am in total agreement with the hon. Member, when he says that the reply is in 'simplification'. Yes, we are moving towards simplification. It would be recognised that one of the problems that we face is between indirect and direct taxes. These are the only two systems. There is no third, or, multiple system. There is either the direct taxation or the indirect taxation. Between these, as a percentage or as a ratio of the GDP, the indirect tax, is almost, not exactly 6 per cent. It comes close to 6 per cent of the GDP, whereas the direct tax is half of that, and barely touches the figure of 3 per cent of the GDP, which is not the correct thing. It should really

be the reverse of it because indirect taxation is always regressive taxation. Now, we are moving in the direction of simplfication, uniform rates and absence of discretionary authority, also eliminating the interface between the citizen or the taxpayer and the authorities. We are moving in this direction.

Demat Share Scam

*387. SHRI JIBON ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that an official complaint has been lodged with SEBI to probe into Demat Share Scam;

(b) if so, what is Government's reaction thereto; and

(c) whether Government propose to issue a White Paper on this scam?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH) (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) The Securities and Exchange Board of India (SEBI) has informed that they have received a complaint from the Investors' Grievance Forum to investigate the issue of excess demating of shares. A complaint was also received by SEBI, from Shri Kirit Somaiya, Member of Parliament, requesting to look into the matter.

(b) SEBI called for explanation from both the depositories and it was found that in case of a depository, 27 companies were admitted into the demat system and their equity was dematerialised without obtaining appropriate "in-principle" approval from the concerned stock exchange. SEBI has directed both the depositories to put up a coordinated effort alongwith the National Stock Exchange and Stock Exchange, Mumbai to reconcile the demat figures and report the measures that need to be taken in this regard. SEBI is further examining the matter.

(c) No, Sir.

SHRI JIBON ROY: Mr. Chairman, Sir, it is good that the hon. Minister has agreed that some fraudulent activities are going on even in the